

HIPAA Overview

Health Insurance Portability and Accountability Act of 1996 Public Law 104-191

In 1996 President Clinton signed the Health Insurance Portability and Accountability Act (HIPAA). This law ensures continuity of healthcare coverage for individuals changing jobs; includes a provision that impacts on the management of health information; seeks to simplify the administration of health insurance; and aims to combat waste, fraud, and abuse in health insurance and health care.

A series of rules derived from the HIPAA law have been developed and issued by the DHHS to mandate these new requirements. These regulations will impact all health care organizations that create, store, or transmit health care data electronically.

Law Highlights

Title I (*Health Care Access, Portability, and Renewability*) focuses on the goal of allowing persons to qualify immediately for comparable health insurance coverage when they change their employment relationships.

Title II (*Preventing Health Care Fraud and Abuse; Administrative Simplification; Medical Liability Reform*) has the goal to reduce the costs and administrative burdens of health care by replacing the many non-standard formats currently used nationally, with a single set of electronic standards that would be used throughout the health care industry.

Title III (*Tax-Related Health Provisions*) addresses various issues, including medical savings; increases for health insurance costs of self employed individuals; and long-term care services and contracts.

Title IV (*Application and Enforcement of Group Health Plan Requirements*) addresses application and enforcement of group health plan requirements and clarification of continuation coverage requirements.

Title V (*Revenue Offsets*) regulations address various issues, including company owned life insurance, and treatment of individuals who lose US citizenship.

Implications of HIPAA on DOH

HIPAA impacts all health care organizations, and will require major action and investment on their part within the next few years. In the Department of Health all offices and administrations that electronically handle health information are affected--as well as any providers and organizations with whom we electronically exchange information.

Generally, to meet requirements three types of controls will need to be developed:

	<u>Approximate % of Effort</u>
Administrative Controls	75%
Technology Controls	15%
Physical Controls	10%

It has been noted that in practice there has been an over-emphasis on the technology aspects of the regulations--and an under-emphasis on the administrative and physical aspects of security and privacy.

HIPAA

Title II-- Administrative Simplification

Administrative Simplification

Title II, Subtitle F (known as Administrative Simplification) presents major and immediate implications for all health providers. The goals of these HIPAA regulations are to improve the efficiency and effectiveness of health care, to improve the Medicaid and Medicare programs, to control fraud and abuse with regard to health plans, and to simplify administrative aspects of health care.

The law (Subtitle F, Sections 262 and 264) includes standards for the following key areas:

- **Electronic Data Interchange (EDI) for Claims/Transaction Administration.** The standards relate to claims data forms and attachments; plan enrollment and disenrollment; premium payments; claims status; referral certification and authorization. The law mandates the use of national standards for electronic exchange of health care data--to help reduce the volume of paperwork and facilitate efficient processing of health care claims.
- **National Unique Identifiers.** The standards will facilitate the creation and adoption of the use of a national identification system for health care providers, payers (or plans), and employers. Each provider will be assigned its own unique identifier to be used for all transactions.
- **Standardized Code Sets.** These standards specify the medical and administrative code sets for diagnoses, procedures, pharmaceuticals and other health care data (including ICD 9/10; NDC; CPT-4; HCPCS). Standardized codes will streamline the processing of health care claims/transactions.
- **Security.** These standards establish measures that ensure the security of health care information maintained by health care providers, health plans, hospitals, health insurers, and health care clearinghouses.
- **Electronic Signatures.** The standards specify procedures for electronic transmission and authentication of signatures.
- **Transfer of Information among Health Plans.** Set standards for transferring across health plans the data elements needed for coordination of benefits and processing of claims.
- **Privacy.** The law stipulates the standards for privacy of individually identifiable medical and health information.

Effective Compliance Date

Compliance is generally 24 months after the effective date of the associated DHHS final regulations.

1. The final rule governing standards for **Electronic Transactions** was issued August 17, 2000.
2. The final rule governing standards for **Privacy** of Individually Identifiable Health Information was issued on April 14, 2001.
3. The final rule governing standards for **Security** is expected to be issued in June/July 2001.

But.....the law is in effect from the point the final rule is issued.